

# House File 2510 - Introduced

HOUSE FILE 2510  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 591)

## A BILL FOR

1 An Act relating to rate regulatory proceedings before the  
2 utilities board within the utilities division of the  
3 department of commerce.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.6, subsection 7, Code 2020, is  
2 amended to read as follows:

3 7. *Limitation on filings.*

4 a. A public utility that utilizes a historic test year in a  
5 rate regulatory proceeding pursuant to section 476.33 shall not  
6 make a subsequent filing of an application for a new or changed  
7 rate, charge, schedule, or regulation which relates to services  
8 for which a rate filing is pending within twelve months  
9 following the date the prior application was filed or until  
10 the board has issued a final order on the prior application,  
11 whichever date is earlier, unless the public utility applies  
12 to the board for authority and receives authority to make a  
13 subsequent filing at an earlier date.

14 b. A public utility that utilizes a future test year in a  
15 rate regulatory proceeding pursuant to section 476.33 shall  
16 not file an application for a new or changed rate, charge,  
17 schedule, or regulation until after the date the board has  
18 issued a final order related to the subsequent proceeding  
19 unless the public utility applies to the board for authority  
20 and receives authority to make a subsequent filing.

21 Sec. 2. Section 476.33, subsection 4, paragraph b, Code  
22 2020, is amended to read as follows:

23 *b. For a rate regulatory proceeding utilizing a future test*  
24 *year, the rules shall require the board to consider the use*  
25 *of any twelve-month period beginning no later than the date*  
26 *on which a proposed rate change is expected to take effect*  
27 *in determining just and reasonable rates. The rules shall*  
28 *also require the board to conduct a proceeding subsequent to*  
29 *the effective date of a rate resulting from a rate regulatory*  
30 *proceeding utilizing a future test year to determine whether*  
31 *the actual costs and revenues are reasonably consistent with*  
32 *those approved by the board. If the actual costs and revenues*  
33 *are not reasonably consistent with those approved by the*  
34 *board, the board shall adjust the rates accordingly. For a*  
35 *rate regulatory proceeding utilizing a future test year, the*

1 board may adopt rules regarding evidence required, information  
 2 to support forecasts, and any reporting obligations. The  
 3 board may also adopt rules regarding the conditions under  
 4 which a public utility that utilizes a future test year may  
 5 subsequently utilize a historic test year. A public utility  
 6 shall not be precluded from filing a rate regulatory proceeding  
 7 utilizing a future test year prior to the adoption of any rules  
 8 pursuant to this subsection. A public utility that utilizes  
 9 a future test year in a rate regulatory proceeding shall not  
 10 propose the use of multiple future test years in the same rate  
 11 regulatory proceeding.

12 Sec. 3. Section 476.33, subsection 4, Code 2020, is amended  
 13 by adding the following new paragraph:

14 NEW PARAGRAPH. *0c.* For the proceeding subsequent to the  
 15 effective date of a rate resulting from a rate regulatory  
 16 proceeding utilizing a future test year, the rules shall  
 17 establish parameters for determining refunds, reduced rates,  
 18 and increased rates. A refund shall be based upon overpayments  
 19 made by each customer class, rate zone, or customer group, with  
 20 interest as determined by the board pursuant to section 476.6,  
 21 subsection 9, paragraph "c". The subsequent proceeding shall be  
 22 based upon twelve months of actual data beginning from the date  
 23 that the rates based upon a future test year became effective,  
 24 and the board shall conduct a hearing within ninety days after  
 25 the public utility files the twelve-month data with the board.  
 26 The board shall adopt rules that establish filing requirements  
 27 for the subsequent proceeding, procedural rules, and standards  
 28 of reasonableness for the determination of whether the actual  
 29 costs and revenues are reasonably consistent with those  
 30 approved by the board.

# 31 EXPLANATION

32 The inclusion of this explanation does not constitute agreement with  
 33 the explanation's substance by the members of the general assembly.

34 This bill relates to rate regulatory proceedings before the  
 35 utilities board within the utilities division of the department

1 of commerce.

2 Current law provides that a public utility shall not,  
3 without the approval of the board, make a subsequent filing of  
4 an application for a new or changed rate, charge, schedule, or  
5 regulation that relates to services for which a rate filing  
6 is pending within 12 months following the date the prior  
7 application was filed or the board has issued a final order  
8 on the prior application, whichever date is earlier. The  
9 bill applies this prohibition only to a public utility that  
10 utilizes a historic test year in a rate regulatory proceeding  
11 pursuant to Code section 476.33. Additionally, the bill  
12 prohibits a public utility that utilizes a future test year in  
13 a rate regulatory proceeding pursuant to Code section 476.33  
14 from filing an application for a new or changed rate, charge,  
15 schedule, or regulation until after the date the board has  
16 issued a final order related to the subsequent proceeding  
17 unless the public utility applies to the board for authority  
18 and receives authority to make a subsequent filing.

19 The bill provides that a public utility that utilizes a  
20 future test year in a rate regulatory proceeding pursuant to  
21 Code section 476.33 shall not propose the use of multiple  
22 future test years in the same rate regulatory proceeding.

23 The bill requires the board to adopt rules governing  
24 proceedings subsequent to the effective date of a rate  
25 resulting from a rate regulatory proceeding utilizing a future  
26 test year. The bill provides such rules shall establish  
27 parameters for determining refunds, reduced rates, and  
28 increased rates. The bill provides the subsequent proceeding  
29 shall be based upon 12 months of data beginning from the date  
30 that the rates based upon a future test year became effective,  
31 and the bill requires the board to conduct a hearing within 90  
32 days after the public utility files the data with the board.  
33 The bill also requires the board to adopt rules establishing  
34 filing requirements for the subsequent proceeding, procedural  
35 rules, and standards of reasonableness for the determination of

H.F. 2510

1 whether the actual costs and revenues are reasonably consistent  
2 with those approved by the board.